

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE FILING OF NEW DEMAND SIDE)	
MANAGEMENT TARIFFS BY EAST KENTUCKY)	CASE NO.
POWER COOPERATIVE, INC. AND 11 OF ITS)	2011-00148
MEMBER DISTRIBUTION COOPERATIVES)	

O R D E R

On March 31, 2011, East Kentucky Power Cooperative, Inc. ("East Kentucky") filed new tariffs to offer three new demand side management ("DSM") programs to be available throughout its entire service territory. The new programs are titled as follows: Section DSM-4, Dual Fuel Program; Section DSM-5, Commercial & Industrial Advanced Lighting Program; and Section DSM-6, Industrial Compressed Air Program. The new tariffs containing these new DSM programs are identified as "P.S.C. No. 34, First Revised Sheet Nos. 27, 28, 28.1, 28.2, and 28.3." East Kentucky proposed that all of its new DSM programs have an effective date of May 1, 2011.

East Kentucky is a generation and transmission cooperative that provides wholesale electric service to 16 member distribution cooperatives who, in turn, provide retail electric service to approximately 518,000 customers. Eleven of East Kentucky's 16 distribution cooperatives have filed new tariffs to offer the three new DSM programs to their respective retail customers. Those 11 distribution cooperatives are:

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy");
Clark Energy Cooperative, Inc. ("Clark Energy");
Cumberland Valley Electric, Inc. ("Cumberland Valley");
Grayson Rural Electric Cooperative Corporation ("Grayson");

Inter-County Energy Cooperative Corporation (“Inter-County”);
Jackson Energy Cooperative (“Jackson Energy”);
Licking Valley Rural Electric Cooperative Corporation (“Licking Valley”);
Nolin Rural Electric Cooperative Corporation (“Nolin”);
Owen Electric Cooperative, Inc. (“Owen Electric”);
Shelby Energy Cooperative, Inc. (“Shelby Energy”); and
Taylor County Rural Electric Cooperative Corporation (“Taylor County”).

These 11 distribution cooperatives have proposed varying effective dates for their tariffs, some to be effective May 1, 2011, and others later. East Kentucky’s remaining five distribution cooperatives that have not filed new tariffs to adopt these new DSM programs are: Blue Grass Rural Electric Cooperative Corporation (“Blue Grass”); Farmers Rural Electric Cooperative Corporation (“Farmers”); Fleming-Mason Energy Cooperative (“Fleming-Mason”); Salt River Electric Cooperative Corporation (“Salt River”); and South Kentucky Rural Electric Cooperative Corporation (“South Kentucky”).

Based on a review of the tariff revisions filed by East Kentucky and its distribution cooperatives, the Commission finds that, pursuant to KRS 278.190, further proceedings are necessary to determine the reasonableness of the new tariffs and that such proceedings cannot be completed prior to the proposed effective dates.

The issues to be reviewed include, but are not limited to, why many of the distribution cooperatives that have filed to adopt the new Dual Fuel Program have proposed to pay the participating retail customer less than the full rebate that the distribution cooperative will receive from East Kentucky, and why five of the distribution cooperatives have not filed to adopt any of the new DSM programs. To properly investigate the reasonableness of these issues, the Commission further finds that East Kentucky and each of its 16 distribution cooperatives should be made parties to this

case. A data request to East Kentucky and each of its 16 distribution cooperatives is attached as an Appendix to this Order.

IT IS THEREFORE ORDERED that:

1. East Kentucky and each of its 16 distribution cooperatives named in the above findings shall be parties to this case.

2. The new DSM tariffs filed by East Kentucky, along with the corresponding new DSM tariffs filed by its 11 distribution cooperatives named in the above findings, are suspended for five months from their respective effective dates pursuant to KRS 278.190(2).

3. East Kentucky and each of its 16 distribution cooperatives shall file within 14 days of the date of this Order a written response to the questions set forth in the Appendix to this Order.

4. Any party that files a document with the Commission shall file an original and six copies, with copies to all parties of record.

5. All parties shall respond to any interrogatories or requests for production of documents submitted by Commission Staff.

6. a. Responses to requests for information shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided.

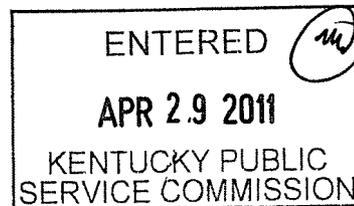
b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. Any party shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which a party fails or refuses to furnish all or part of the requested information that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

By the Commission



ATTEST:

Stephanie Bell for Jeff Dawson
Executive Director

APPENDIX
TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN
CASE NO. 2011-00148 DATED **APR 29 2011**

East Kentucky shall respond to the following questions.

1. Refer to East Kentucky's Dual Fuel Program tariff, Section DSM-4, which provides for rebates of \$2,500 from East Kentucky to its member distribution cooperatives for each retail customer that meets the heating replacement criteria. Was it East Kentucky's intent that the full \$2,500 rebate would be passed on by the distribution cooperatives to the qualifying retail customer? If no, explain in detail the reasons why the full amount will not be passed on to the retail customer. The explanation should include the following:

- a. An analysis of how the rebate amount of \$2,500 was determined;
- b. The projected costs to each distribution cooperative to participate in the Dual Fuel Program;
- c. The potential savings to each distribution cooperative from each retail customer that qualifies for a rebate; and
- d. An analysis of the number of retail customers that will participate in the Dual Fuel Program at varying rebate levels to the retail customer of \$300 up to \$2,500.

2. Refer to the March 31, 2011 tariff filing, Attachment 1, Page 1 of 2. At the bottom of the page, under the section titled "Rebates," does the statement "Co-op to participant \$3000" mean that East Kentucky's intent is for the retail participant to receive a \$3,000 rebate from the supplying distribution cooperative? If no, explain the meaning of the quoted phrase.

Clark Energy, Cumberland Valley, Nolin, Owen Electric, Shelby Energy, and Taylor County shall respond to the following question.

3. Explain in detail why the full amount of the \$2,500 rebate received from East Kentucky under the Dual Fuel Program will not be passed on to the participating retail customer. The explanation should include an analysis of costs incurred by the distribution cooperative to participate in the program.

Blue Grass, Farmers, Fleming-Mason, Salt River, and South Kentucky shall respond to the following question.

4. Explain in detail why you have not filed a tariff to adopt and offer to your retail customers the programs set forth by East Kentucky in its proposed tariffs designated as Section DSM-4, Section DSM-5, and Section DSM-6.

Allen Anderson
President & CEO
South Kentucky R.E.C.C.
925-929 N. Main Street
P. O. Box 910
Somerset, KY 42502-0910

Larry Hicks
General Manager
Salt River Electric Cooperative Corp.
111 West Brashear Avenue
P. O. Box 609
Bardstown, KY 40004

Bill Prather
President & CEO
Farmers R.E.C.C.
504 South Broadway
P. O. Box 1298
Glasgow, KY 42141-1298

Daniel W Brewer
Vice President & CEO
Blue Grass Energy Cooperative Corp.
1201 Lexington Road
P. O. Box 990
Nicholasville, KY 40340-0990

Kerry K Howard
CEO
Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

Donald R Schaefer
President & CEO
Jackson Energy Cooperative Corporation
115 Jackson Energy Lane
McKee, KY 40447

Anthony S Campbell
President & CEO
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

James L Jacobus
President & CEO
Inter-County Energy Cooperative Corporation
1009 Hustonville Road
P. O. Box 87
Danville, KY 40423-0087

Mark Stallons
President & CEO
Owen Electric Cooperative, Inc.
8205 Highway 127 North
P. O. Box 400
Owenton, KY 40359

Paul G Embs
President & CEO
Clark Energy Cooperative, Inc.
2640 Ironworks Road
P. O. Box 748
Winchester, KY 40392-0748

Debbie Martin
President & CEO
Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, KY 40065

David Estep
President & General Manager
Big Sandy R.E.C.C.
504 11th Street
Paintsville, KY 41240-1422

Michael L Miller
President & CEO
Nolin R.E.C.C.
411 Ring Road
Elizabethtown, KY 42701-6767

Carol Ann Fraley
President & CEO
Grayson R.E.C.C.
109 Bagby Park
Grayson, KY 41143

Barry L Myers
Manager
Taylor County R.E.C.C.
625 West Main Street
P. O. Box 100
Campbellsville, KY 42719

Ted Hampton
Manager
Cumberland Valley Electric, Inc.
Highway 25E
P. O. Box 440
Gray, KY 40734

Christopher S Perry
President & CEO
Fleming-Mason Energy Cooperative, Inc.
P. O. Box 328
Flemingsburg, KY 41041